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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

10 August 1951

Memorandum for the Director of Central Intelligence

Subject: Issues Facing the North Atlantic Treaty Council

Three main issues now confronting NATO are scheduled to be negotiated on the governmental level at the NAT Council meetings in September and October. These issues are Greek and Turkish admission to NATO, a German military contribution to NATO, and the economic problems of rearmament. In discussing these issues, the European NAT countries will be motivated by three basic considerations: (a) their feeling that current efforts to redress the military imbalance on the continent should take more realistic account of their political and economic weaknesses; (b) their opposition to any moves which involve serious risks of war with the USSR; and (c) their desire to participate more effectively in the formulation and conduct of Western strategy. As the US has become more insistent on the acceleration of Western defense programs, the European NAT governments have become more restive, partly for fear lest it be said and believed more widely that they were losing control of their own destinies and partly for fear lest this should actually be happening. During the scheduled conferences, if not before, these fears may emerge into the open on the governmental level as well as in the sphere of parliamentary and public debate.

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A German military contribution to Western defense. Prospects for a favorable settlement on this still highly explosive issue continue to improve. There still remains, however, the difficult task of reconciling conflicting interests in a manner that, even if not entirely satisfactory on all counts to all parties, would be at least politically acceptable to France and Germany and militarily acceptable to SHAPE. Final NATO consideration will in any case be delayed at least until October.

The economics of rearmament will be of perhaps the greatest concern to all countries. Not only is the US pressing for a greater European effort to meet present force commitments, but it hopes at the October NAT Council meeting to secure European acceptance of further force allocations to fill the wide "gap" between these commitments and the requirements of the MTDP. However, there is serious doubt that the European NAT countries will find it politically feasible to increase them to the hoped-for degree. In the case of France, there is a real danger that too much is already being attempted.

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Moreover, European leaders, while fully aware of their dependence on US military and economic aid programs, feel that these have been poorly coordinated and quite erratic. They are highly disturbed over the resultant inability of the NATO coalition to adopt a positive and consistent policy on rearmament. They believe that the interrelated problems of economic stability, military rearmament and mobilization and public confidence can be overcome only in the event that a program can be developed which takes realistic account of Western European capabilities and which lends itself to "long-term planning". In practical terms, therefore, the heart of this economic problem, at least for the next two years, is one of US domestic politics rather than that of European capacity, i.e., a question of the extent to which the US is prepared to increase its military and economic aid to Europe and how soon it is prepared to do so. It is becoming increasingly clear that if the US desires the achievement of MTDP goals by mid-1954 or earlier, it can only achieve this objective through early and substantial increases in US aid.

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WILLIAM L. LANCER  
Assistant Director  
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